

DALO-SSF

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Minutes for Single Stock Fund Working Group (SSFWG), 15-24 April 1998

1. On 15-24 April 1998, DA DCSLOG hosted the Single Stock Fund Working Group. The purpose of the work session was to discuss courses of action and develop consensus on the best approach to merge the wholesale and retail stock funds by 1 October 1998 (SSF MS 1A) for recommendation to the DA ADCSLOG. The following synthesizes the discussions and agreements reached during the session. A complete package of the Work Group/Sub Work Group's detailed proceedings and products are available on request. Attached are:

- a. List of executives out briefed on the session results, enclosure 1.
- b. List of primary participants, enclosure 2.

2. Ms Sue Baker, PM SSF, opened the session by welcoming the participants and reviewing the agenda. Ms Baker briefed the participants on the following topics:

a. The Campaign Plan, approved by the VCSA on 6 Nov 97, to reengineer logistical and financial processes to achieve long term solutions. It lays out how the Army will transition from current processes to the desired end state, and also establishes milestones to complete key actions: (1) 1 Oct 99 (MS 1) , incorporate installation, theater, Corps AWCF and NISM into an AMC managed SSF; (2) 1 Oct 00 (MS 2) incorporate O&M stocks above the Division ASL into the SSF; and (3) 1 Oct 01 (MS 3) incorporate all O&M stocks above the PLL/Shop Stock in the SSF. Ms Baker also briefed the Strategic Objectives and accelerated milestone to merge the wholesale and retail stock funds by 1 Oct 98 (MS 1A). The milestones are event driven as opposed to time and were recognized by the group as target dates.

b. Her briefing also included a summarization of previous efforts to implement SSF, and also recent Army leadership guidance to achieve MS 1A by 1 Oct 98, assumptions and constraints, time lines and plans for completing key program actions (Business Plan, Implementation Plan, Demonstration Plan, functional descriptions, and business rules). The briefing also included other significant and related ongoing activities with which the SSF program must interface and be synchronized, e.g., Global Combat Service Support - Army (GCSS-A), Wholesale Logistics Modernization, and Defense Joint Accounting System (DJAS). The results of the Work Group were out briefed to the ADCSLOG and Army executives for recommending a decision be made to brief the SSF Executive Steering Committee.

3. MG Cannon, the DA ADCSLOG then addressed the group. His remarks served as "Commander's Guidance". He remarked on the enormity of the challenge before the group: to recommend the approach that is doable by 1 Oct 98 to merge the retail and wholesale stock funds, with no adverse financial impact on the field. The approach to achieve MS 1A must be related to the desired end state. He reiterated that any participant having a dissenting position from the work group has the responsibility to define and defend it at the out briefing at the conclusion of the Work Group session.

4. LTC(P) Hills, DPM SSF briefed the mission of the Work Group which was to develop the best approach ("best of breed") to merge the retail and wholesale stock funds by 1 Oct 98, identify impacts, establish exit criteria to proceed from MS 0 to MS 1A, and develop an implementation plan. He emphasized several times that each participant had responsibility to express and define any dissenting position and defending it at the out brief to the ADCSLOG and Army executives.

5. Courses of Action and "Best of Breed".

a. The work session began with brainstorming sessions conducted by three subgroups to define: how to merge the wholesale and retail stock funds; what could be achieved by MS 1A; goals; characteristics; and roles and missions which would change among DA and the MACOMs. Courses of action (COA) to achieve MS 1A follows:

(1) COA 1. Re-engineer OA/Credit Distribution Flow.

(a) The source of OA/Credit for the MACOMs is AMC.

(b) DA DCSLOG (DALO-RMI) manages and AMC executes AWCF SMA PPBES processes.

(c) Field MACOMs become designated as USAMC sub-home offices.

(2) COA 2. "Push" wholesale to installation at 1 to 2 sites through a demonstration. (CCSS/SDS).

(a) Elimination of Retail Stock Fund (RSF) OA/Credit at selected sites.

(b) Direct consumer funding of AMI requisitions.

(c) RSF stays in place for Non-Army Managed Items (NAMI).

(d) Retail and Wholesale AWCF remain unchanged at all but the test sites.

(3) COA 3. Reengineer OA/Credit distribution flow, and establish a National Business Office (NBO).

(a) The source of OA/Credit for the MACOMs is the NBO.

(b) Financial reports will summarize up to the NBO from the MACOMs.

(c) Field MACOMs become designated as NBO sub-home offices.

b. Each course of action was discussed in detail by the entire group and a "best of breed" was then developed. The Work Group developed the approach for MS 1A that includes:

(1) A "new" SSF national management process that realigns roles and responsibilities of DA DCSLOG and MACOMs.

(2) Distribution and execution of AWCF-SMA OA/Credit by AMC.

(3) Demonstration of the linkage of wholesale AWCF-SMA to installation at three sites during FY 99.

c. MS 1A does not:

(1) Constitute a single point of sale.

(2) Eliminate retail AWCF-SMA.

(3) Provide the Army with an integrated requirements determination process.

d. The demonstration includes three elements:

(1) A Simulation of key functional processes to be conducted in a laboratory environment;

(2) A Systems Integration Demonstration to test and validate systems software changes and interfaces between the wholesale and retail logistics and financial management information systems supporting the demonstration; and

(3) A field demonstration conducted at a TRADOC, AMC and FORSCOM installation.

e. The target date for completing the Simulation and the Systems Integration Demonstration is 1 Oct 98. Field demonstration(s) are planned for completion by 15 June 1999. This schedule will allow sufficient lead-time to collect and analyze the demonstration results for input to the Go/No-Go decision briefing to the VCSA to proceed to MS 1. The field demonstrations will be phased: Phase I - AMI only; and Phase II - AMI and NAMI. The field demonstrations represent the first steps towards Army-wide SSF implementation. They are analogous to establishing "First Unit Equipped" for new equipment fielding. The demonstration objectives are to validate the business processes for MS 1: Single Point of Sale; Single Credit Process and Integrated requirements determination and execution process.

6. The group then broke into subgroups who tackled each of the three components of MS 1A:

a. A “new” SSF National Management process that realigns financial roles and responsibilities of DA DCSLOG and MACOMs. DA DCSLOG will manage and AMC execute the AWCF-SMA PPBES process. MS 1A will include AMI and NAMI. The group initially developed a complete list of current (“As-Is”) mission essential tasks in the areas of policy, program and budget, budget execution, cash management, and liaison functions for ASA(FM&C), DA DCSLOG, AMC, MACOMs and Installations. The group then discussed and determined how each task will change in increased or decreased scope, transfer or result in a new task for SSF elements.

b. **Distribution and execution of AWCF-SMA OA/Credit by the AMC.** The group also developed a complete list of mission essential tasks and identified how each task will change in scope, transfer or result in a new task among ASA(FM&C), DA DCSLOG, AMC, MACOMs and Installations. The key change is AMC vice DA DCSLOG will distribute OA and Credit to the MACOMs/sub-home offices. SMA allocations are independent and cannot be cross-leveled between wholesale, retail and mobilization (MOB). DA DCSLOG will retain its role as the arbitrator of between HQ AMC and the MACOMs/sub-home offices with regard to OA and credit authority/ distribution issues for AWCF-SMA. Only ASA(FM&C) can cross-level between AWCF business activities.

(1) MS 1A Business Rules were discussed in considerable detail and the results are listed below. The assumption that all financial systems would be Year 2000 compliant is understood. The group also reviewed the Air Force’s process (SMAG) for OA/Credit Authority Flow for applicable lessons that could be applied to the SSF model. The Business Rules below are applicable to both MS 1A and MS 1 and it will not be necessary to reverse them for MS 1 pending changes in program scope.

(a) The authority to redistribute OA and Credit Authority among retail divisions will reside with AMC in coordination with the MACOMs. Credit will be as determined by the DA chaired Credit /Pricing Integrated Process Team (IPT).

(b) No additional limitations will be placed on retail stock fund FADS by AMC.

(c) MACOMs must go to AMC first, to resolve issues within the SMA.

(d) There are no changes at the Installations.

(e) There will be no changes in the credit policy.

(2) The benefits of the proposed changes in roles and responsibilities for MS 1A are that they will:

(a) Position AMC to assume full AWCF-SMA management for MS 1 and beyond. It will accelerate AMC’s participation in the SMA PPBES, and provide a better SMA budget for the Army.

(b) Forge the relationship between MACOM and AMC, moving them closer to their roles at the SSF end state.

(c) Begin a logical transition period for SMA program and budget.

(3) The group determined that several key decisions by the ESC and BOD are needed to implement the realigned financial roles and responsibilities:

(a) Acceptance of the revised financial roles and responsibilities recommended by the Work Group.

(b) Validation of AMC as the National Manager for AWCF-SMA by 1 May 1998. This is necessary to incorporate changes in DFAS-IN 37-100-99, and also increase AMC’s involvement in the FY 99-01 SMA PPBES process. The DFAS representative concurred to the time line to incorporate changes to DFAS-IN 37-100-99.

(c) Approval of the change in OA and Credit Flow effective 1 Oct 98 (FY 99).

These recommendations will also be vetted with MACOMs via a VTC scheduled for 13 May 1998. The proposed changes were also provided to the ongoing DA chaired Credit/Pricing IPT.

(4) Implementing actions to achieve MS 1A were developed by the group:

(a) Authority for AMC to execute MS 1A changes — accomplished by a joint DCSLOG/ASA(FM&C)

message.

(b) AMC identifies and provided resource requirements for MS 1A - accomplished by AMC.

(c) DFAS to change the OA report flow not later than 15 May 98 - accomplished by PMO SSF memorandum to DFAS-IN.

(d) Change DFAS-IN 37-100-99 reflect AMC as the home office on Appropriation Symbol Number for Stock Funds (97X4991.XXXX) - accomplished by PMO SSF memorandum to ASA(FM&C) for approval and DFAS-IN for publication of the change.

(e) Update AWCF-SMA Charter to reflect changes required for MS 1A - accomplished by DA DCSLOG (DALO-RMI).

(f) Change to Program Budgeting and Accounting System (PBAS) to reflect changes required for MS 1A - accomplished by ASA(FM&C) memorandum to DFAS.

(5) A detailed review of the roles and responsibilities of DA DCSLOG, AMC and DFAS was conducted. The areas addressed were policy, program and budget, budget execution, cash management, liaison with others, and OA/Credit execution. The "As-Is" and "To-Be" positions were documented and the changed, and new or transferred missions were briefed.

(6) During the sessions, several critical processes were reviewed and the current process documented to serve as a baseline for future planning and execution. The processes included credit, obligation authority distribution, operational projects, reports and cash management.

(7) An Air Force representative provided an overview of their current supply management system. Their system includes both retail (Non-Air Force Managed Item - NAFMI) and wholesale (Air Force Managed Item - AFMI) with OA managed centrally by AFMC. The Air Force system was reviewed for any functionality which could be applicable to SSF.

(8) The National Guard financial systems, SABERS, was also briefed as it operates with the Standard Army Retail Supply System. The presentation was helpful in understanding the challenges the Army faces in considering a process to direct-fund requisitions (particularly as it applies to NAMI).

c. Demonstration of the linkage of the national AWCF-SMA to installation customers. The SSF business rules, process flows and policies will be simulated in a laboratory environment. This will allow early identification of the impact of the "To-Be" processes on the Installation, MACOM, AMC and DA DCSLOG. A Systems Integration Demonstration will also be conducted to test systems changes of the enabling management processes and reporting interfaces between the wholesale and retail logistics and financial systems required to support the demonstration. Following the successful Simulation and Systems Integration Demonstration a field demonstration of the single point of sale, single credit process, and integrated requirements determination and execution processes will be conducted. It was proposed that the demonstration be conducted at TRADOC and AMC installations and subsequently at a FORSCOM installation. It is envisioned that AMI and NAMI will be included in all demonstrations. The demonstration must not have adverse financial impact on the Commander's ability to perform the mission. An independent agency will be tasked to conduct an evaluation of the demonstrations at each of these sites.

(1) General criteria for site selection was developed by the group for consideration by MACOM commanders who will be requested to identify an installation as a demonstration site. The general criteria for site selection included:

(a) Medium sized installation with sufficient activity to generate meaningful data for collection and analysis.

(b) A CONUS installation because it would enable better control and direction of the demonstration. Additionally, the reduced Order and Ship Time for CONUS, as compared to OCONUS installations, would not be a factor in data generation and analysis.

(c) An Integrated Sustainment Maintenance (ISM) Center of Excellence (COE) and including SAMS-I/TDA, if available.

(d) Avoid other planned major systems demonstrations or exercises.

(e) A single financial system is used at the demonstration site.

(f) No contractor-based proprietary logistics support system, e.g., contractor logistics support system at Ft Rucker AL.

(2) Metrics and performance measures will be developed to measure the effectiveness of the MS 1 business processes and systems changes and as a basis for gaining approval to proceed to MS 1. The exit criteria include the successful demonstration of: a single point of sale; single credit process; integrated requirements determination and execution process; maintaining AWCF-SMA fund solvency; and minimal impact to the Commander's ability to execute the mission. After Action Reports will be prepared by each participating organization. It will include a Get-Well plan which will identify and provide solutions to resolve any deficiency identified during the demonstrations. This includes recommendations for additional funding to off-set any negative financial impact that is determined to be directly attributable to the demonstration.

(3) Several issues were identified by the group for resolution by supporting activities: the impact on DFAS systems for the demonstration, ie., local purchase, interfund billing and obligation authority; who will receive reimbursement for NAMI DOD lateral redistribution actions; and determination of which services and materiel that are currently paid for by the Retail Stock Fund and will not be reimbursed by the SSF. A further issue is the

extremely compressed time line to plan and execute the Simulation, Systems Integration Demonstration and the field demonstrations.

7. The following summarizes the Work Group's recommendations which were out briefed to Senior Army Executives, 24 Apr 98:

a. Approach to achieve MS 1A by 1 Oct 98 will:

- (1) Merge management of SSF obligation below the Departmental Level.
- (2) Minimize turbulence to MACOMs and Installations.
- (3) Realign AWCF-SMA execution mission to an operational command - AMC.
- (4) Position AMC as the Single Stock Fund National Manager.
- (5) Support the Campaign Plan objectives.

b. The exit criteria for exiting from MS O to MS 1A:

- (1) Approval and implementation of the revised financial roles and responsibilities (AWCF-SMA).
- (2) Issuance of FY 99 AWCF-SMA obligation authority to field MACOMs by AMC - the National Manager.
- (3) Successful test of the routing of financial reports.
- (4) Required changes to DFAS-IN 37-100-99.
- (5) Demonstration Plan is in place.

c. Recommendations:

- (1) Move forward and brief the Executive Steering Committee
- (2) Accept the revised roles and responsibilities.
- (3) Formally designate AMC as the SSF National Manager
- (4) Approve the demonstration concept.
- (5) Release a message to the field announcing the results of the SSF Work Group and recommendations.

8. The following synthesizes remarks made during the discussion portion of the out briefing:

a. MG Cannon polled all MACOM participants for dissenting views or opinions. There was unanimous agreement and concurrence to the results of the Work Group. His other remarks are summarized below:

(1) Will Y2K efforts detract from the resources and time line to achieve MS 1A? Response. No. Minimal systems changes are anticipated for MS 1A.

(2) Did the group review the synchronization of the PPBES and MS 1A activities? Response: Yes, the time lines reflecting how MS 1A activities are synchronized with the PPBES was separately shown. AMC's role will increase as they must now look at retail in addition to wholesale budget submissions. DA DCSLOG (DALO-RMI) performs such reviews now and will be performed by AMC in MS 1A. The process will begin with the current budget cycle.

(3) We should be engaged in joint discussions between AMC and DA to prepare for the FY 99 budget build process. Ms Leiby commented that these discussions/visits should be conducted by representatives who have the authority to make budget changes and recommended mark-ups. COL Fellers remarked that DA and AMC have conducted joint visits to USAREUR.

(4) DA DCSLOG will remain as the arbitrator to resolve issues regarding OA/Credit distribution and flows between AMC (as the SSF National Manager) and the MACOMs/sub-home offices.

(5) The Work Group's recommendations must be briefed to the MACOMs for their consensus and agreement. Response: It will be accomplished during the 13 May VTC with MACOMs.

(6) Develop a time line that supports the requirements and recommendations developed by the Work Group. It assist in amplifying the urgency of actions/decisions required by supporting and supported organizations.

(7) SSF must be designed to be deployable.

(8) Coordinate the Demonstration Plan with MACOMs and include them in the development process. There will be constraints at the demonstration sites that will not be evident in the Simulation.

b. Mr Roberts questioned how the identified issues affected AMI/NAMI integration in MS 1A. Response. Concur that AMI/NAMI is a complicated issue for MS 1A. NAMI was considered by every subgroup during all discussions. AMI/NAMI is included in MS 1A and the demonstrations (Simulation tests, Systems Integration Demonstration and field demonstrations). This generated other discussion regarding the need to test more than AMI, e.g., local purchases and other non-SSF activities at the Installations. AMI/NAMI has different connotations and impact depending on the level of the review (customer, Installation, AMC, MACOM or Department). Additionally, NAMI management by AMC may require an increase in the surcharge to pay for that structure. Metrics for the Simulation and field demonstrations must be carefully crafted to collect relevant data at each of these levels for analysis and decision to proceed to MS 1. Follow-on discussions are planned by the PMO SSF Team with ASA(FM&C) and financial/logistics community representatives.

c. Ms Leiby:

(1) AMC must have authority to realign OA and Unit Cost Goals among MACOMs, plus the ability to direct MACOMs to take appropriate action to live within earned OA. AMC cannot be held fiscally accountable without appropriate authority. AMC will review the SSF business rules and provide appropriate comments.

(2) What inventory management responsibilities will AMC have for NAMI? This has not been entirely sorted out. The NICPs are not presently staffed to absorb the additional workload.

(3) AMC could not accept the mission without being properly staffed and AMC will develop resource requirements for resource and logistics managers. This action cannot be delayed given CPO time lines. Resources are required by 1 Oct 98.

(4) Much concern was expressed by the group that OPTEMPO customer be sheltered from any negative impact. Similar concern must be given to the health of the SMA AWCF.

d. FORSCOM and MACOMs expressed concern about "lost" credit and buying power and how it would be repaid or replace.

e. Closing remarks. MG Cannon stated that MS 1A is the first step towards achieving the desired end state. The schedule is ambitious but can be achieved. He asked all representatives to contact their MACOM SSF advocate to build consensus for MS 1A and the planned field demonstrations.

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